



ADVANCE SCT LIMITED

(Company Registration Number: 200404283C)

(the “Company”)

**SIGNING OF MEMORANDUM OF UNDERSTANDING
TO SET UP A JOINT VENTURE TO INVEST IN
WASTE & WASTEWATER TREATMENT ASSETS IN CHINA**

The Board of Directors (the “**Board**”) of Advance SCT Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that it has entered into a non-binding Memorandum of Understanding (the “**MOU**”) on 25 November 2014 with Meike International Assets Management (Beijing) Co., Ltd. (“**Meike**”). Both parties have expressed the intention to incorporate a joint venture holding company (the “**JVC**”) that will acquire and operate wastewater treatment facilities in China. Four wastewater treatment plants in the provinces of Anhui, Jiangsu and Liaoning have been identified by both parties as potential assets for immediate injection into the JVC.

The Group’s wastewater treatment plant in Shenyang, the capital city of Liaoning, is one of the four wastewater treatment plants identified for the JVC. This asset is held by a wholly-owned subsidiary B&F Envirotech (Shenyang) Co., Ltd. (“**B&F**”); it holds a 30-year Build-Operate-Transfer (“**BOT**”) concession to treat municipal wastewater in the oil-rich township of Xinglongpu at the outskirts of Shenyang.

Meike is a privately-held company incorporated in Beijing in December 2007. The company provides corporate finance and advisory services to provincial and city governments in China. It raises around RMB 2.5 billion (approximately S\$530 million) annually to support local government-linked projects in the area of infrastructure development such as urban renewal, and environmental services such as waste and wastewater treatment. Meike has indirectly funded many wastewater treatment plants. It has identified three assets – two in Anhui and one in Jiangsu – for immediate injection into the JVC.

The table below summaries key data of the four wastewater treatment plants:

| | Wastewater Treatment Plant | Long-term Capacity (MT/day) | Current Capacity (MT/day) | Under Construction (MT/day) | BOT Contract |
|---|---|-----------------------------|---------------------------|-----------------------------|--------------------|
| 1 | B&F Envirotech (Shenyang) Co., Ltd. 布卢富环保（沈阳）有限公司 | 100,000 | 20,000 | - | 30 years from 2012 |
| 2 | Jiangsu Xiyi Waterworks Co., Ltd 江苏锡沂水务有限公司 | 100,000 | 50,000 | - | 20 years from 2012 |
| 3 | Xuancheng Xinlong Waterworks Co., Ltd. 宣城辛龙水务有限公司 | 100,000 | 16,500 | 16,500 | 30 years from 2009 |
| 4 | Anhui Mingyuan Waterworks Co., Ltd. 安徽铭源水务有限公司 | 100,000 | 30,000 | 20,000 | 28 years from 2009 |

The locations of the four wastewater treatment plants in China are indicated below:



The JVC aims to become a significant player in the waste and wastewater treatment industry in China, leveraging on the complementary skills residing in the Group and Meike.

Upon further investigation and subject to satisfactory due diligence, the Company and Meike will enter into a definitive agreement for the proposed JVC as soon as practicably feasible.

The completion of the definitive agreement for the proposed JVC will not be finalised by the end of 2014. There will be no impact on the net tangible asset per share ("NTA") and the earnings per share ("EPS") for the Group's financial year ending 31 December 2014.

None of the directors or substantial shareholders of the Group has any interest, directly or indirectly, in this transaction.

The Company will provide further details whenever there are developments of a material nature.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Song Tang Yih
Executive Director and Group President
26 November 2014